

January 03, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

RE: Service Quality Standards, D.T.E. 99-84 (2000)

Dear Secretary Cottrell:

On June 29, 2001 the Department of Telecommunications and Energy (the “Department”) directed each gas and electric distribution company operating in the Commonwealth to investigate the issue of using benchmarks based on nationwide, regionwide, or statewide data. Service Quality Standards, D.T.E. 99-84, at 4 (2001). Specifically, the Department required each gas and electric company to file a report that: (1) details its individual collection efforts; (2) identifies what nationwide, regionwide, and statewide performance data is potentially available for a comprehensive database; and (3) assesses the feasibility of establishing a co-operative approach to comparative benchmarking, under which all gas and electric companies would develop jointly a data-gathering/data sharing consortium that would compile comparative data. Id. In accordance with this directive, the New England Gas Company (the “Company”) partnered with the electric and gas distribution companies (the “Companies”) to develop a report for the Department. The Companies retained Navigant Consulting Inc. (“Navigant”) to complete this task and a copy of the report prepared by Navigant is enclosed herewith.¹

With respect to individual data-collection efforts relating to the availability of national, regional and statewide benchmarks, the Company participates in surveys conducted by industry organizations in which the Company is a member, including the American Gas Association. Participation in these organizations is of value to the Company in terms of staying informed of industry trends and business practices. However, as noted in Navigant’s report, the survey results generated by these organizations have limited usefulness for comparative benchmarking purposes because the surveys are impromptu, and the findings do not control for differences in performance definitions or data measurement and collection. Moreover, the survey results are subject to strict confidentiality agreements to encourage continued participation by energy

¹ Additional copies have been provided under separate cover by Keegan, Werlin, & Pabian, LLP.

to strict confidentiality agreements to encourage continued participation by energy companies, which must disclose competitively sensitive information in order to participate.

In addition, the New England Gas Company serves customers in Rhode Island and is in the midst of developing a service-quality program for the Rhode Island service area. Several of the measures that are under consideration for implementation in Rhode Island are similar to those in place in Massachusetts. As a result, the Company will gain additional experience with service-quality issues in collecting and reporting data for its operations in Rhode Island.

Please do not hesitate to contact me should you have any questions regarding this filing. I can be reached at (401) 272-5040 ext. 2015. Thank you for your consideration of this matter.

Sincerely,



Sharon Partridge

Vice President of Finance
New England Gas Company

Encl.

cc: D.T.E. 99-84 Service List (without enclosure)